

September 24, 2007

**HONORABLE MAYOR AND CITY COUNCIL:**

I am pleased to present the 2007-2008 Adopted Capital Budget and the 2008-2012 Adopted Capital Improvement Program (CIP) for the City of San José. The Budget and CIP presented in this document guide the City in the planning, scheduling, and budgeting of capital improvement projects during the next five-year period. This overview highlights the major issues associated with this CIP as well as the major capital investments within each of the six City Service Areas (CSAs) and 15 Capital Programs.

The 2008-2012 Adopted CIP was developed in coordination with all of the CSAs and City departments responsible for capital projects. As required by City Charter, the Planning Commission reviewed the Proposed CIP and submitted its comments to the City Council prior to the adoption of this CIP.

The capital investments planned over the next five years are substantial with a 2007-2008 Adopted Capital Budget of \$2.00 billion and a 2008-2012 Adopted CIP of \$3.12 billion. This marks the seventh consecutive year that the annual budget exceeds \$1 billion and that the five-year plan is in the multi-billion dollar range. Based on the timing of investments, primarily related to the Library, Public Safety, and Parks and Community Facilities General Obligation Bond projects and Airport improvements, the 2007-2008 Adopted Capital Budget reflects an increase of 48% from the 2006-2007 Adopted Capital Budget of \$1.38 billion and the 2008-2012 CIP is 8% higher than the 2007-2011 Adopted CIP of \$2.89 billion.

The City is now in the second half of the *Decade of Investment*, which is transforming much of the City's infrastructure. Major improvements continue in the City's parks, community centers, libraries, and public safety facilities, primarily as a result of voter-approved bond measures that will generate a total of \$599 million for these purposes. The expansion of the Airport will deliver a facility that meets the needs of both customers and the airlines in a cost effective manner. Substantial investments in the City's utility infrastructure are also underway, designed to ensure the continued safe and efficient operation of these facilities and the capacity to address future growth.

The City's ability to dedicate this level of resources is due, in large part, to a number of specific, one-time funding sources that support specialized efforts. For instance, voter-approved bond revenues are earmarked for parks, library, and public safety purposes and the Airport expansion is primarily funded by the issuance of debt that will be supported by Airport revenues. The recent increase in materials and construction costs facing many of these projects remains a significant problem. Nonetheless, the completion of these projects as well as delivering on the commitments made through the passage of the voter-approved bond programs will remain a top priority for capital project delivery through the upcoming year.

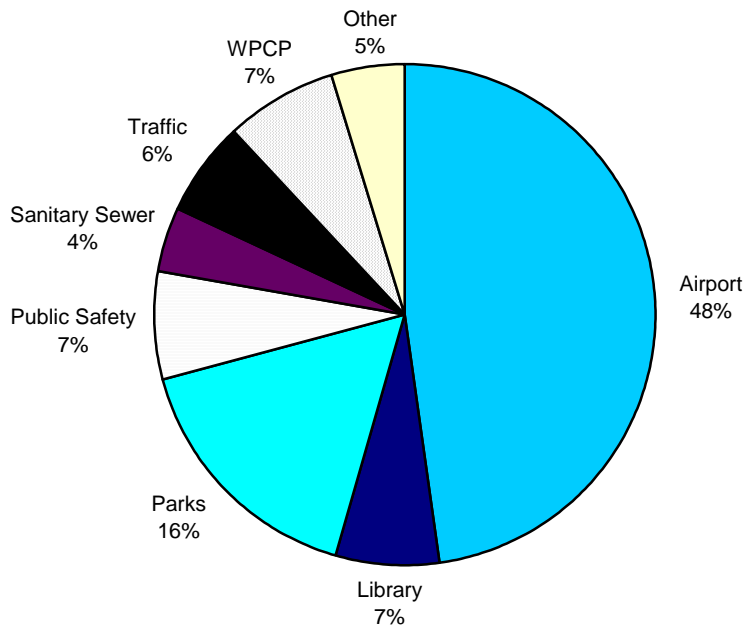
## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

#### Major Capital Investments

The CIP is comprised of 15 capital programs. Following is a breakdown of the major programs:

**2007-2008 Adopted Capital Budget**



In the 2008-2012 Capital Improvement Program, investments target infrastructure improvements throughout the City's neighborhoods, including parks, community centers, libraries, storm and sanitary sewer systems, and public safety facilities. These are the facilities that are visited and/or utilized by every resident and visitor of San José.

In November 2000, General Obligation Bond measures were approved to support library projects (\$212 million) and parks projects (\$228 million). An additional \$159 million in General Obligation Bonds were authorized by the voters in 2002 to support Public Safety facilities. Further discussions of these programs are detailed below.

The Airport Capital Program remains the largest single component of the overall CIP. The 2008-2012 Adopted CIP totals \$1.6 billion and includes

#### Major Projects to be Completed Over the Next Five Years

##### 2007-2008 Projects

Branham Lane Improvements  
Edenvale Branch Library  
Fire Station 12 Relocation (Calero)  
Fire Station 17 Relocation (Cambrian)  
Fire Station 25 Relocation (Alviso)  
Fire Station 34 (Berryessa)  
Fire Station 35 (Cottle/Poughkeepsie)  
Joyce Ellington Branch Library  
Pearl Avenue Branch Library  
Senter Road: Tully to Singleton  
Water Pollution Control Plant  
Reliability Improvements  
Willow Glen Branch Library

##### 2008-2009 Projects

Airport North Concourse  
Airport Terminal A Improvements  
East SJ Carnegie Branch Library  
Fire Station 19 Relocation (Piedmont)  
Fire Station 36 (Silver Crk/Yerba Buena)  
Happy Hollow Park & Zoo  
Mayfair Community Center  
Roosevelt Community Center  
Santa Teresa Branch Library  
SJSU to Japantown Pedestrian Corridor

##### 2009-2010 Projects

Airport Parkway Entrance Upgrade  
Bascom Community Center & Library  
Calabazas Branch Library  
Edenvale Sanitary Supplement, Ph V  
Educational Park Branch Library  
Fire Station 37 (Willow Glen)  
Plant Master Plan  
Seventrees Branch Library  
Solari Community Center  
South San José Police Substation  
West Side Airfield Overlay

##### 2010-2011 Projects

Almaden Road Sewer Rehabilitation  
Driver Safety Training Center  
Southeast Branch Library

##### 2011-2012 Projects

Airport Consolidated Rental Car Facility  
Albany-Kiely Storm Improvements Ph IV  
Coleman Road Sewer Improvements  
Cropley Avenue Sewer Improvements  
Digester Gas Line Replacement

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### Major Capital Investments (Cont'd.)

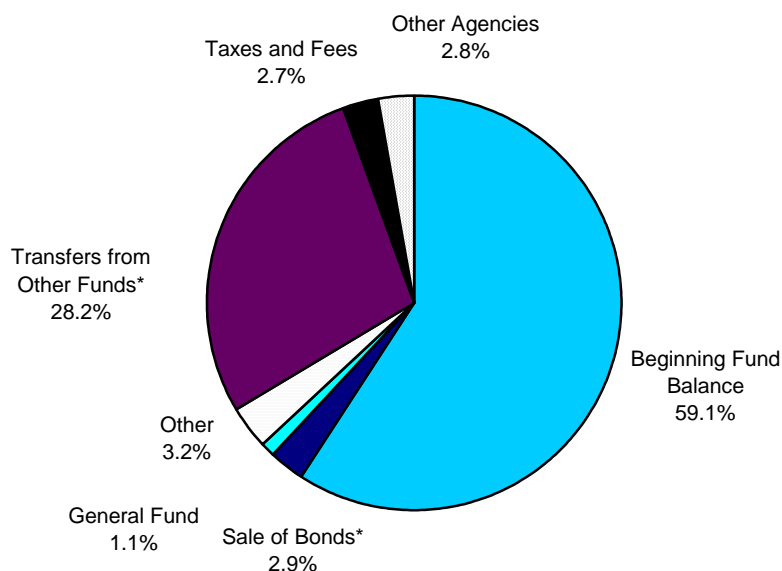
investments based on the recent amendments to the Airport Master Plan approved by the City Council in June 2006. The Master Plan incorporated input from a variety of stakeholders in order to develop a facility that would meet community and customer needs while keeping costs low. This plan will allow for facility and customer service improvements to proceed in a more economically viable manner and, at the same time, deliver some of these improvements sooner than planned.

Major investments also continue in the City's transportation, storm, sanitary sewer and municipal water systems, the water pollution control plant, and the City's service yards.

#### Capital Improvement Program Funding

The Capital Budget is supported by a combination of funding sources as shown in the chart below. Beginning Fund Balances in the various funds account for over half of the funding for the 2007-2008 Adopted Capital Budget. The Transfers from Other Funds is the next largest funding source and includes funding for the Airport expansion.

**2007-2008 Adopted Capital Budget  
Source of Funds (\$2.00 billion)**



\* Transfers from the Airport Fiscal Agent Fund are supported by bond proceeds; however, these revenues are reflected in the Transfers from Other Funds category. It should be noted that if these transfers were reflected in the Sale of Bonds category, the percent of Sale of Bonds would be 27.6% and Transfers from Other Funds would be 3.5% of the total 2007-2008 Source of Funds.

## **2007-2008 ADOPTED CAPITAL BUDGET**

### **2008-2012 CAPITAL IMPROVEMENT PROGRAM**

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#### **General Obligation Bond Programs**

As reported to the City Council in January 2007, the Neighborhood Libraries Bond (Measure O), Safe Neighborhood Parks and Recreation Bond (Measure P), and Public Safety Bond (Measure O) programs continue to face major challenges due to the volatility in construction and real estate costs. As part of this Adopted CIP, each program assumes revised project cost estimates developed or verified by independent consultants and the Public Works Department. These costs reflect the current local construction climate and also consider recent bids received for construction award. The strategies to fund projected cost escalation in order to complete the remaining projects in each of the three major General Obligation Bond programs are discussed below. It should be noted that the completion of all remaining projects in these programs is expected over the term of this five-year CIP.

#### Neighborhood Libraries Bond (Measure O)

The Neighborhood Libraries Bond (Measure O) was approved by voters in November 2000, which provided funding of \$212 million for 20 new and renovated branch libraries. Compared to the 2007-2011 Adopted CIP, upward adjustments of \$7.1 million were made to the project budgets for the nine remaining library branches funded in the 2008-2012 Adopted CIP. These increases were entirely funded through additional bond interest earnings (\$3.7 million), ending fund balance and reserves (\$2.8 million), and higher than anticipated proceeds from the sale of land (\$600,000). In conjunction with the Finance Department, staff has evaluated the timing of the construction awards expected for the remaining projects and was able to further refine the estimate for anticipated bond interest earnings. In addition, these interest earnings are projected to increase due to higher interest rates currently realized, as compared with the rates previously assumed in the 2007-2011 Adopted CIP. The Contingency Reserve for Library Bond Projects, which serves to ensure funding remains for future projects and expenditures, such as the Educational Park and Southeast Branches, was approved to decrease from \$1.0 million in the 2006-2007 Adopted Capital Budget to \$730,000 in this budget.

#### Safe Neighborhood Parks and Recreation Bond (Measure P)

The Safe Neighborhood Parks and Recreation Bond (Measure P) was approved by voters in November 2000, which provided funding of \$228 million for improvements. This bond program provides funding over a 10-year period to renovate 95 neighborhood park play areas, renovate six community centers, add three new community centers, renovate 28 park restrooms, build two new sports complexes, expand the City's trail system at four locations, and enhance four regional park facilities, including improvements and renovations at Happy Hollow Park and Zoo. In order to address the rising cost of construction, the 2007-2011 Adopted CIP incorporated considerable funding increases including \$15.5 million for Parks and Recreation Bond Project (Parks Bond) Fund projects and supplemental funding of \$18.3 million from Construction and Conveyance Tax Funds, the Park Trust Fund, and the Redevelopment Agency. In addition, funding augmentations were approved by the City Council in 2006-2007 for the Bascom (February 2007), Mayfair (March 2007) and Roosevelt (April 2007) Community Centers. The remaining projects included in this Adopted CIP reflect increases of \$1.1 million in the Parks Bond Fund and supplemental funding of \$3.5 million for the Happy Hollow Park and Zoo renovation (\$2.6 million) and for green building

## **2007-2008 ADOPTED CAPITAL BUDGET**

### **2008-2012 CAPITAL IMPROVEMENT PROGRAM**

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#### **General Obligation Bond Programs (Cont'd.)**

##### Safe Neighborhood Parks and Recreation Bond (Measure P) (Cont'd.)

improvements at Solari and Bascom Community Centers (\$943,000). In order to offset this increase, the 2008-2012 Adopted CIP assumes additional interest earnings in the Parks Bond Fund (\$2.9 million) compared to the estimates assumed in the 2007-2011 Adopted CIP for reasons cited in the previous section. This CIP sets aside unallocated funding of \$2.8 million to ensure sufficient funding is available for project awards and expenditures that are scheduled for the latter years of the program.

##### Public Safety Bond (Measure O)

The Public Safety Bond (Measure O) was approved by voters in March 2002 which provided funding of \$159 million for a driver training facility, upgraded emergency communications and dispatch facilities, an improved fire training center, a new police substation, new community policing centers, new and relocated fire stations, and a number of fire station upgrades and remodels. In this Adopted CIP, total bond-funded fire station recommended funding increases amounted to \$10.7 million, while increases to the Driver Safety Training Center and South San José Police Substation total \$4.1 million. In order to address these increases, additional interest earnings (\$2.5 million), sale of land (\$600,000), and use of contingency reserves were approved as part of this budget. Additionally, several changes to the implementation of bond-funded projects are included in order to fund the bond projects in the CIP, given the local construction climate. These changes include consolidation of Fire Station 6 and Fire Station 37, planned to be constructed at the Willows Senior Center parking lot (subject to voter approval); a revised scope of the 9-1-1 Communications Dispatch Center; and the reallocation of the East and South Community Policing Centers into reserves to serve as a contingency until the project award of the South San José Police Substation is completed. Lastly, contingency reserves of \$2.8 million are allocated to ensure sufficient funding is available for project awards that will occur in the latter years of the program.

#### **Green Building Implementation**

In an effort to position the City as a leader in sustainable design and set a community standard of environmental, economic, and social stewardship, the City Council adopted revisions to the City's Green Building Policy in March 2007. This new policy requires that certain new building projects achieve a minimum Leadership in Energy and Environmental Design (LEED) Silver rating as designated by the US Green Building Council (USGBC), with a USGBC LEED Gold or Platinum as the new goal.

In May 2007, staff presented a cost-benefit analysis to the City Council (Manager's Budget Addendum #9) for projects currently underway or projects that could potentially achieve a USGBC LEED Silver certification or higher rating. The City Council directed staff to incorporate green building improvements at the South San José Police Substation, Bascom Branch Library and Community Center, Seventrees Branch Library, and the Solari Community Center projects that would aim to achieve a higher USGBC LEED Silver certification level. Funding was approved in this 2008-2012 CIP for these facilities to target this level of certification.

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### Green Building Implementation (Cont'd.)

The table below summarizes projects that were identified in March 2007 that could potentially achieve LEED Certified or Silver ratings and their associated USGBC LEED certification level assumed in this 2008-2012 Adopted CIP.

Project	USGBC LEED
Bascom Branch Library and Community Center	Silver
Solari Community Center and Seventrees Branch Library	Silver
South San José Police Substation	Silver
Happy Hollow Park and Zoo Renovation	Certified
Mayfair Community Center – Satellite	Certified
North Concourse – Airport	Certified
Roosevelt Community Center	Certified
Terminal B – Airport	Certified
East San José Carnegie Branch Library	Other
Educational Park Branch Library	Other
Fire Station 36	Other
Santa Teresa Branch Library	Other
Southeast Branch Library	Other

#### Public Art

Recent revisions to the Public Art Master Plan, approved by the City Council on March 13, 2007, are designed to reinforce San José's urban design and development goals in an effort to create opportunities for public art in high-traffic locations. In accordance with the revisions, one percent of all construction project funding was approved to be allocated to public art. The Public Art Master Plan, however, under Council direction exempts funding for seismic and ADA retrofits, maintenance and operations, non-construction projects (such as studies), projects that are primarily rehabilitation and maintenance of existing facilities, or affordable housing. In addition, projects where public art allocations were previously programmed or appropriated are not subject to the revisions of the Public Art Master Plan and continue to be reflected in the 2008-2012 Adopted CIP as previously allocated through prior CIPs.

A total of \$10.1 million is programmed for public art projects in the 2008-2012 Adopted CIP. This figure does not include the \$6.3 million in public art expenditures estimated for 2006-2007. Previously, the public art allocations were spread only among the Airport, Civic Center, Public Safety, Library, Municipal Improvements, and Parks and Community Facilities Capital Programs. As part of the changes to the Master Plan, the Traffic, Parking, Sanitary Sewer, Storm Sewer, Communications, Water Utility System, and Water Pollution Control Capital Programs now also contribute to public art.

## **2007-2008 ADOPTED CAPITAL BUDGET**

### **2008-2012 CAPITAL IMPROVEMENT PROGRAM**

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#### **Unmet Infrastructure Needs**

As a result of the local economic climate, the City has faced severe General Fund shortfalls over the past five years, requiring significant staff and resource reductions, as well as the deferral of a number of projects. These resource reductions occurred in the face of the City's *Decade of Investment* where the City has been able to address a number of significant infrastructure needs in the areas of parks, libraries, and public safety. However, there are other major infrastructure categories where the available funding for capital improvements has been insufficient to address critical needs, as reported to the City Council in February 2007. A large backlog of unmet infrastructure needs exists in areas such as transportation, information technology, vehicle replacement, and maintenance at City parks and building facilities which, if addressed, the General Fund would have to be the sole or partial funding source. The total one-time needs were estimated at approximately \$445 million, with the annual ongoing funding requirement to keep that infrastructure maintained estimated at approximately \$20-25 million.

In addition to these outstanding items for which the General Fund would need to be the primary or partial funding source, significant needs remain for the City's various Special Fund programs. For example, as part of an Infrastructure Condition Assessment prepared for the Environmental Services Department in February 2007, critical replacement requirements for the Water Pollution Control Plant totaled \$249.4 million in the first five years and \$996.8 million of total capital infrastructure needs. In this Adopted CIP, a total of \$184.9 million is allocated toward construction projects in order to begin to address these infrastructure needs. Funding for a Plant Master Plan (\$6.0 million) is included in the five-year CIP which would provide the City with a phased program of recommended wastewater treatment facilities and management programs to accommodate planned growth and meet existing and future regulatory requirements.

Transportation infrastructure needs, previously estimated at \$391.5 million, is currently projected at \$459 million due to continued system deterioration, increased contractual materials and labor costs, and new categories such as missing street trees and roadway markings not previously addressed. Similar to last year, this Adopted CIP includes a one-time \$4.8 million allocation from the General Fund to continue to address the backlog of street infrastructure maintenance.

A detailed work plan for the reduction of deferred maintenance and infrastructure backlog for the City's facilities is currently underway. In fall 2007, staff will present to the City Council a compilation of existing condition assessments and recommendations for proceeding with strategy development.

#### **General Fund Operating Budget Impact**

In the last few years, several strategies were implemented to defer or reduce operating and maintenance costs, with a particular focus on the General Fund. These efforts included deferring the completion date for capital projects, using alternative staffing models, moderate reductions in the size of facilities, the development of joint library and community center facilities, and the implementation of capital projects that would reduce costs, such as energy efficient traffic signals.

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### General Fund Operating Budget Impact (Cont'd.)

Given the extent of the actions that have already been taken and the competing trend of rising construction costs, the Adopted CIP does not recommend significant additional project deferrals at this time. The program focus is to deliver on the commitments to the public in regards to completing the park, library, and public safety projects that were approved by the voters and funded by General Obligation Bonds. Therefore, the additional costs associated with these facilities are being factored into the General Fund Five-Year Forecast. It should be noted, however, that the most recent Five-Year Forecast issued in February 2007 again projects General Fund deficits in each year. The City will thus continue to face very tough choices to address these deficits while planning to find the additional funding necessary to operate the new facilities. The City will continue to analyze the overall complement of facilities and resources available to the public when determining future potential budget actions that may be necessary to balance the General Fund budget. In addition, with the recent adoption of the revised Green Building Policy, staff will continue to explore further energy saving opportunities for new facilities scheduled to come online and potential investments in energy saving improvements at existing facilities.

With the large number of new and expanded facilities, primarily as a result of the General Obligation Bond funded projects coming on-line, substantial General Fund operating and maintenance costs are projected through the five-year term represented in this Adopted CIP. The 2007-2008 Adopted Operating Budget includes funding of \$553,000, partially offset by additional revenues (\$135,000), to operate new parks and library facilities that are scheduled to be operational next year. In addition, funding was approved to start training fire personnel that will be necessary to staff Fire Station 34 with a new engine company in 2008-2009 (2007-2008 assumes the relocation of a company from Station 2). The required level of investment is projected to increase significantly over the next five years as the remaining bond-funded parks, libraries, and public safety facilities open.

As detailed below, General Fund operating costs for facilities included in the 2008-2012 CIP will total \$4.1 million in 2008-2009 and climb to \$15.4 million by 2011-2012. (Operating budget adjustments for facilities scheduled to come on-line in 2007-2008 have been incorporated into the Adopted Operating Budget.)

#### Projected General Fund Operating and Maintenance Costs

<b><u>Project Title</u></b>	<b><u>2008-2009</u></b>	<b><u>2009-2010</u></b>	<b><u>2010-2011</u></b>	<b><u>2011-2012</u></b>
Fire Facilities	\$ 2,388,000	\$ 2,769,000	\$ 3,234,000	\$ 3,438,000
Library Facilities	372,000	3,678,000	5,954,000	6,370,000
Parks Facilities	684,000	1,637,000	3,513,000	4,341,000
Parks Facilities-Other Agencies	13,000	146,000	169,000	182,000
Police Facilities	498,000	875,000	913,000	916,000
Traffic Projects	53,000	74,000	78,000	80,000
Traffic Projects-Other Agencies	52,000	55,000	57,000	61,000
<b>Total</b>	<b>\$ 4,060,000</b>	<b>\$ 9,234,000</b>	<b>\$ 13,918,000</b>	<b>\$ 15,388,000</b>



## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### General Fund Operating Budget Impact (Cont'd.)

Staff will continue to pursue measures designed to reduce the operating and maintenance costs for the City. In the Traffic CIP, for instance, investments continue to develop the most cost-effective traffic signals. Joint interdepartmental facilities will also continue to be pursued, where feasible, in order to maximize integration and economies of scale. Energy efficient improvements will be explored in new and existing facilities.

#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

Each of the 15 capital programs continues to be aligned to one of the six CSAs as appropriate. The chart below compares the 2007-2011 Adopted CIP with the 2008-2012 Adopted CIP for each CSA. The 2008-2012 CIP reflects an increase of 8.1% from the 2007-2011 CIP, primarily as a result of increases in the Transportation and Aviation Services CSA, offset by decreases in the Neighborhood Services and Public Safety CSAs. Decreases in these CSAs resulted primarily from the timing of the General Obligation Bond Projects that were programmed in 2006-2007.

#### 2007-2011 Adopted CIP and 2008-2012 Adopted CIP Comparison (By City Service Area)

City Service Area	2007-2011 Adopted CIP	2008-2012 Adopted CIP	% Change
Community and Economic Development	\$ 14,169,000	14,035,000	(0.9%)
Environmental and Utility Services	415,267,000	430,369,000	3.6%
Neighborhood Services	560,717,000	538,468,000	(4.0%)
Public Safety	158,242,000	133,562,000	(15.6%)
Transportation and Aviation Services	1,652,877,000	1,920,248,000	16.2%
Strategic Support	86,700,000	84,334,000	(2.7%)
<b>Total</b>	<b>\$ 2,887,972,000</b>	<b>\$ 3,121,016,000</b>	<b>8.1%</b>

The following discussion of significant issues and projects included in the Adopted CIP is presented by CSA.

#### COMMUNITY AND ECONOMIC DEVELOPMENT CSA

The Community and Economic Development CSA includes the Developer Assisted Projects Capital Program. This program supports the following CSA outcome:

✓ *Safe, Healthy, Attractive and Vital Community*

#### Developer Assisted Projects Capital Program

The Developer Assisted Projects CIP reimburses residential developers for construction of major City streets and encourages the undergrounding of existing overhead utilities. The objective of this

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

##### COMMUNITY AND ECONOMIC DEVELOPMENT CSA (CONT'D.)

###### Developer Assisted Projects Capital Program (Cont'd.)

program is to ensure that residential developments within San José include the construction of public improvements necessary to maintain or improve the infrastructure of the City. Following is a brief summary of the major projects in this CIP.

- ❑ ***Underground Utility Program:*** The underground utility projects are prioritized based on several criteria, the most significant of which is how much fee revenue has been collected within the Underground District.

The following projects are currently in construction or design:

- Saratoga Avenue – Route 280 to Kiely
- Guadalupe Gardens (bounded by Coleman Ave, Route 880, and Guadalupe River)
- Jackson/Taylor – 4<sup>th</sup> to 9<sup>th</sup> Streets (design)

The following are approved projects to be designed:

- Stevens Creek – Calvert to Stern
- Market/Almaden – Reed Street,  
Pierce Avenue, Willows Avenue,  
Balbach Street, and Viola Avenue
- Camden Avenue – Bascom to Leigh
- Evergreen Park – San Felipe Road to  
Yerba Buena
- Park/Naglee – Naglee to Shasta Avenues,  
Park to Bascom Avenues

- ❑ ***Median Island and Center Strip Paving:*** Reimbursements to developers are scheduled, including reimbursements for the Communications Hill and the Dairy Hill projects.

##### ENVIRONMENTAL AND UTILITY SERVICES CSA

The Environmental and Utility Services CSA includes the Sanitary Sewer System, Storm Sewer System, Water Pollution Control, and Water Utility Capital Programs. These programs support the following CSA outcomes:

- ✓ *Reliable Utility Infrastructure*
- ✓ *Healthy Streams, Rivers, Marsh and Bay*
- ✓ *Safe, Reliable, Sufficient Water Supply*

###### Sanitary Sewer System Capital Program

The Sanitary Sewer System consists of approximately 2,150 miles of sewer mains ranging in diameter from 6 to 90 inches. The system serves the City, as well as three other jurisdictions, and conveys sewage to the Water Pollution Control Plant. The objectives of this capital program are to enhance

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

##### ENVIRONMENTAL AND UTILITY SERVICES CSA (CONT'D.)

##### Sanitary Sewer System Capital Program (Cont'd.)

sewer capacity to meet economic development; rehabilitate large diameter sanitary sewers; reduce water inflow and infiltration in sanitary sewers; improve local neighborhood sewers; and develop a city-wide sanitary sewer master plan. Following is a brief summary of the major projects in this CIP.

- ❑ ***Edenvale Sanitary Sewer Supplement:*** \$29.7 million is programmed in the CIP.
- ❑ ***60-Inch Brick Interceptor:*** \$18.8 million is programmed in the CIP.
- ❑ ***30-Inch Old Bayshore Supplement:*** \$3.9 million is programmed in the CIP.
- ❑ ***Cropley Avenue Sanitary Sewer:*** \$3.5 million is programmed in the CIP
- ❑ ***Neighborhood Sewer Projects:*** The following smaller sanitary sewer projects are programmed to improve conditions in specific neighborhoods:
  - Almaden Road (North) (\$2 million in CIP)
  - Almaden Road (South) (\$2.3 million in CIP)
  - Alum Rock Avenue (\$975,000 in CIP)
  - Julian-Sunol Area (\$1.5 million in CIP)
  - Union/Almaden Oak (\$1.6 million in CIP)
  - Willow Glen (\$1.1 million in CIP)

##### Storm Sewer System Capital Improvement Program

In accordance with the City's General Plan, the goal of the Storm Sewer System CIP is to reduce the risk of drainage-related surface damage and protect the quality of storm water runoff. The City is responsible for the design and construction of facilities for the conveyance of surface runoff in the City's Urban Service Area to adjacent stream channels. However, the City is not responsible for the design and construction of flood control facilities and the modification and maintenance of stream channels, which are under the purview of the Santa Clara Valley Water District and the U.S. Army Corps of Engineers.

In this CIP for planning purposes, three years of 9% annual rate increases in the Storm Sewer Service Charge has been assumed to ensure adequate funding for projects that preserve the quality of storm water run off and necessary capital improvements in the City's storm water system. These increases would build in predictable, measured adjustments in service charges to continue a modest investment in the capital infrastructure and ensure the fiscal health of the Storm Sewer Operating and Capital Funds. Following is a brief summary of the limited number of projects possible in this CIP with the current rate structure:

- ❑ ***Albany-Kiely Storm Drainage Improvement, Phases III and IV:*** \$2.9 million is programmed in the CIP to rehabilitate existing pipe and water quality devices.

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

##### ENVIRONMENTAL AND UTILITY SERVICES CSA (CONT'D.)

##### Storm Sewer System Capital Program (Cont'd.)

- ❑ ***Alviso Storm Rehabilitation:*** \$2.0 million is programmed in the CIP to rehabilitate the Gold Street Pump Station and other improvements in the Alviso neighborhood.
- ❑ ***Storm Drainage Improvements – Special Corridors:*** \$1.2 million is programmed in the CIP to improve local drainage issues and resolve ponding complaints.
- ❑ ***Chateau Drive Storm Drain Improvement, Phases I and II:*** \$715,000 is programmed in the CIP.
- ❑ ***Creek Channel Stabilization:*** \$600,000 is programmed in the CIP to stabilize an embankment along Thompson Creek.
- ❑ ***Outfall Rehabilitation:*** \$580,000 is programmed in the CIP to rehabilitate existing storm outfalls and install new storm outlets and associated pipes.
- ❑ ***Storm Pump Station Rehabilitation and Replacements:*** \$500,000 is programmed in the CIP toward the replacement or rehabilitation of various storm pump stations determined to be of high priority.
- ❑ ***Storm/Sanitary Sewer Separation:*** \$500,000 is programmed in the CIP.
- ❑ ***Ross – Guadalupe Storm Drain Improvements:*** \$401,000 is programmed in the CIP.

##### Water Pollution Control Capital Program

The San José/Santa Clara Water Pollution Control Plant (WPCP) is a regional wastewater treatment facility serving eight tributary sewage collection agencies, including municipalities and sanitary sewer districts. This CIP focuses on preserving the WPCP infrastructure and capacity improvement projects. In order to maintain the program represented in this document, a three year 9% annual rate increase strategy has been assumed. This increase will help improve Plant reliability and begin to address critical infrastructure needs identified by a recent infrastructure condition assessment study. Following is a brief summary of the major projects programmed in this CIP.

- ❑ ***Water Pollution Control Plant Reliability Improvements:*** This project, awarded in February 2005, includes major piping system additions, a new raw sewage pump station, and creates parallel headworks facilities that would allow for much needed maintenance work. This facility will increase the maximum wet weather flow capacity from 271 million gallons per day (mgd) to approximately 400 mgd. This \$87.9 million project is scheduled for completion in October 2007, ten months ahead of schedule.
- ❑ ***Plant Electrical Reliability:*** \$58.0 million is programmed in the CIP for major upgrades and replacements of electrical systems. This scope of work includes detailed electrical power distribution system analysis, increasing electrical power reliability by utilizing new technology,

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

##### ENVIRONMENTAL AND UTILITY SERVICES CSA (CONT'D.)

##### Water Pollution Control Capital Program (Cont'd.)

improved design, advanced monitoring, and increased automation. Completed project costs are estimated to be \$91.5 million with the inclusion of \$8.2 million total for the M5, Ring Buss, and Cable Replacement project.

- ❑ ***Plant Master Plan:*** Funding of \$6.0 million is programmed in this CIP to complete a study which would provide the Plant with a phased program of recommended wastewater treatment facilities and management programs to accommodate planned growth and to meet existing and anticipated regulatory requirements through the year 2040. This master plan is expected to be completed in 30 months.



**Water Pollution Control Plant – Digester Tanks**

##### Water Utility System Capital Program

The San José Municipal Water System provides water utility service to approximately 26,800 customers in five areas within the City of San José: Evergreen, North San José, Alviso, Edenvale, and Coyote Valley. Projects approved in the Adopted CIP include the construction of new facilities, maintenance of existing infrastructure, and improvements to the Water Utility System facilities.

Major projects in the CIP include the following:

- ❑ ***Rehabilitation and Replacement Projects:*** Several rehabilitation and replacement projects are scheduled in this CIP, including Bon Bon Drive Main Replacement (\$1.0 million), Castleton Drive Main Replacement (\$900,000), Norwood Pump Station Replacement (\$820,000) and Villa Vista Reservoir Rehabilitation (\$315,000).
- ❑ ***System Development Projects:*** Several projects are designed to provide more capacity or better coverage, such as the North First Street Parallel Main (\$1.8 million) and the Nortech Parkway East Loop Main (\$750,000).

##### NEIGHBORHOOD SERVICES CSA

The Neighborhood Services CSA includes the Library and Parks and Community Facilities Development Capital Programs. These programs support the following CSA outcomes:

- ✓ *Safe and Clean Parks, Facilities and Attractions*
- ✓ *Vibrant Cultural Learning and Leisure Opportunities*

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

##### NEIGHBORHOOD SERVICES CSA (CONT'D.)

##### Library Capital Program

The City's library system is undergoing a major transformation as a result of the November 2000 voter-approved bond measure that approved the issuance of \$212 million in General Obligation bonds to improve the branch library system over a ten year period. This bond measure provided funding for the reconstruction or replacement of 14 of the 17 existing branches and the construction of six new branches in unserved neighborhoods. Major projects in the CIP and issues are discussed below.



*Hillview Branch Library*

- ❑ **Library Bond Projects:** Over the course of the 2008-2012 Adopted CIP, the build-out will be completed with the opening of three new branches and completion of eight expansion/relocation projects. In the 2008-2012 CIP, upward adjustments of \$7.1 million to the budgets for the Library Bond projects were approved to address recent cost escalation. These increases will be mitigated through allocations of interest from bond sales and the use of the Bond Contingency Reserve. Listed below are the new and renovated branches that will be completed over this five-year period.

##### ***New Branches***

- |          |            |             |
|----------|------------|-------------|
| - Bascom | - Edenvale | - Southeast |
|----------|------------|-------------|

##### ***Renovated Branches***

- |                    |                   |               |
|--------------------|-------------------|---------------|
| - Calabazas        | - Joyce Ellington | - Seventrees  |
| - East San José    | - Pearl           | - Willow Glen |
| - Educational Park | - Santa Teresa    |               |

- ❑ **Fixtures, Furniture and Equipment:** \$5.0 million from the Library Construction and Conveyance Tax Fund is allocated to fixtures, furniture and equipment over the next five years for the new facilities funded by bond proceeds, since the General Obligation Bond funding cannot be used for these items. The 2007-2008 Adopted Budget provides an allocation of \$1.6 million, which will ensure adequate funding to meet the projected need next year.

##### Parks and Community Facilities Capital Program

The Parks and Community Facilities Capital Program plans for and implements the acquisition, development, and protection of parks, recreation facilities, and open space to maintain a high quality of life in San José. Under the direction of the Parks, Recreation and Neighborhood Services Department, the program provides oversight of the planning and development for approximately 3,500 acres of parks (regional/city-wide and neighborhood/community) and open space in the

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

##### NEIGHBORHOOD SERVICES CSA (CONT'D.)

##### Parks and Community Facilities Capital Program (Cont'd.)

City's sphere of influence. In addition, the City has plans for implementation of a trails and greenways system that will provide a 100-mile network of hiking, biking, jogging, and equestrian trails along the Guadalupe River, Coyote and Los Gatos Creeks, Penitencia Creek, Saratoga/San Tomas Creek, and all major feeder streams.

The program is managed through the use of 17 funds, including 10 Council District funds, a City-wide fund for city-wide/regional facilities, a Parks Bond Fund, and five special purpose funds, as well as contributions from the General Fund and the San José Redevelopment Agency.

The City's Construction and Conveyance Tax revenue has historically been the primary source of support for this capital program. However, over the last few years, the Parks and Recreation Bond Projects Fund has provided a significant amount of resources to address capital needs in the City's various park facilities. On November 7, 2000, City voters approved Measure P, a \$228 million General Obligation Bond for park and recreational facilities improvements.



*Trail along Wenlock Drive*

❑ **Park Bond Projects:** The 2008-2012 Adopted CIP includes \$91.4 million for the construction of Bond projects. Over the course of this five-year CIP, four community centers will be renovated or built, sports fields will be developed, Happy Hollow Park and Zoo will be renovated, and two City trails will be expanded. Similar to the Library Capital Program, the 2008-2012 CIP includes upward adjustments of \$1.1 million in the Parks Bond Fund and \$3.5 million of supplemental funding to the budgets for the Parks Bond projects to address recent cost escalation. As previously discussed, this increase can be mitigated through the recognition of additional interest earnings.

Listed below are the Parks Bond Projects in the 2008-2012 CIP:

- |                                       |                              |
|---------------------------------------|------------------------------|
| - Almaden Lake Park                   | - Happy Hollow Park and Zoo  |
| - Bascom Community Center             | - Mayfair Community Center   |
| - Coyote Creek Trail                  | - Roosevelt Community Center |
| (Tully Road to Los Lagos Golf Course) | - Soccer Complex             |
| - Guadalupe River Trail Reach VI      | - Softball Complex           |
| (Woz Way to Willow Street)            | - Solari Community Center    |



## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

##### NEIGHBORHOOD SERVICES CSA (CONT'D.)

##### Parks and Community Facilities Capital Program (Cont'd.)

- ❑ **Park Trust Fund:** The Parks, Recreation and Neighborhood Services Department, with the assistance of the Finance Department, has completed a thorough reconciliation of the Park Trust Fund. The 2008-2012 CIP incorporates that reconciliation and includes funding of \$79.3 million, which has been allocated to various projects and reserves.



*Almaden Library and Community Center*

##### PUBLIC SAFETY CSA

The Public Safety CSA includes the Public Safety Capital Program, which supports the following CSA outcome:

- ✓ *The Public Feels Safe Anytime, Anywhere in San José*

##### Public Safety Capital Program

The objective of the Public Safety Capital Program is to provide, maintain and improve facilities and equipment that support the delivery of effective emergency services to residents and visitors. The construction of a new police substation, a new public safety driver training center, two new and one remodeled/rebuilt fire station, a renovated 9-1-1 communications dispatch center, and the relocation of seven existing fire stations will provide the infrastructure to help meet this goal.

The major investment in Public Safety infrastructure included in this CIP is possible because the voters in San José supported investments in these facilities. On March 5, 2002, 71.7% of voters approved Measure O, the “9-1-1, Fire, Police, Paramedic and Neighborhood Security Act” Neighborhood Security Act Bond Measure. This bond measure authorized the City to issue General Obligation Bonds in an amount not to exceed \$159 million to fund both Police and Fire Department capital improvements. All of the projects funded by the Neighborhood Security Act Bond are scheduled to be underway during this five-year period.

In the 2008-2012 Adopted CIP, upward adjustments for many of the project budgets for the Public Safety Bond were approved to address rising construction costs, as discussed earlier. Total bond-funded fire station increases approved amount to \$10.7 million, and increases to the Driver



## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

##### **PUBLIC SAFETY CSA (CONT'D.)**

##### **Public Safety Capital Program (Cont'd.)**

Safety Training Center and South San José Police Substation total \$4.1 million. These increases were mitigated through allocations of interest from bond sales, project scope reductions to the 9-1-1 Communications Dispatch Center and South San José Police Substation, and the use of the Bond Contingency Reserve. Furthermore, the reallocation of the South and East Community Policing centers to reserves was approved in order to serve as a project contingency for the South San José Police Substation until the award of that project. The Bond Contingency Reserve, established in 2002-2003 by allocating 10% from each project, decreased to \$2.8 million in order to ensure funding for projects planned for the later years of the program.

Following are the major projects in the Adopted CIP.

##### **❑ *Public Safety Bond Projects:***

- South San José Police Substation: Completion scheduled for 3<sup>rd</sup> Qtr. 2009
- Driver Safety Training Center: Completion scheduled for 2<sup>nd</sup> Qtr. 2010
- 9-1-1 Communications Dispatch Center: Completion schedule TBD
- New Fire Station 34 (Berryessa): Completion scheduled for 3<sup>rd</sup> Qtr. 2007
- New Fire Station 35 (Cottle and Poughkeepsie): Completion scheduled for 4<sup>th</sup> Qtr. 2007
- Fire Station 2 – Improvements (Alum Rock Avenue): Completion schedule TBD
- Relocate Fire Station 12 (Calero): Completion scheduled for 2<sup>nd</sup> Qtr. 2008
- Relocate Fire Station 17 (Cambrian): Completion scheduled for 2<sup>nd</sup> Qtr. 2008
- Relocate Fire Station 19 (Piedmont): Completion scheduled for 3<sup>rd</sup> Qtr. 2009
- Relocate Fire Station 21 (White Road): Completion schedule TBD
- Relocate Fire Station 25 (Alviso): Completion scheduled for 3<sup>rd</sup> Qtr. 2007
- Relocate Station 6/Construct Fire Station 37 (Willow Glen): Completion scheduled for 2<sup>nd</sup> Qtr. 2010 (pending voter approval)
- Relocate Station 24/Construct Station 36 (Silver Creek/Yerba Buena): Completion scheduled for 2<sup>nd</sup> Qtr. 2009
- Fire Training Center: Completion schedule TBD
- Fire Station Upgrades: Multi-Phase
- Reserve: South Community Policing Center: Project pending Police Substation award
- Reserve: East Community Policing Center: Project pending Police Substation award

- ##### **❑ *Fire Vehicle Replacement and Equipment:***
- Funding from the Fire Construction and Conveyance Tax Fund and the General Fund continues to support many of the infrastructure needs in the Fire Department, including fire apparatus replacement and repair, facilities improvements, hose replacement, emergency response maps, handheld radios, heavy rescue airbags, traffic control equipment, general tools and equipment, computer replacement, records management, and data analysis.

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

##### PUBLIC SAFETY CSA (CONT'D.)

##### Public Safety Capital Program (Cont'd.)

- ❑ **Information Technology:** Several projects are designed to improve the Fire Department's use of technology to facilitate the delivery of service. These include the records management system, the Fire Department intranet, traffic control equipment, and telecommunications equipment.

##### TRANSPORTATION AND AVIATION SERVICES CSA

The Transportation and Aviation Services CSA includes the Airport, Parking, and Traffic Capital Programs. These programs support the following CSA outcomes:

- ✓ *Provide Safe and Secure Transportation Systems*
- ✓ *Provide Viable Transportation Choices That Promote a Strong Economy*
- ✓ *Travelers Have a Positive, Reliable and Efficient Experience*
- ✓ *Preserve and Improve Transportation Assets and Facilities*
- ✓ *Provide a Transportation System That Enhances Community Livability*

##### Airport Capital Program

The Airport Capital Program's vision statement is to provide the best service to its customers, community and business partners. This Adopted CIP totals \$1.6 billion and includes investments based on the recent amendments to the Airport Master Plan approved by the City Council in June 2006. The CIP represents efforts that incorporated input from a variety of stakeholders in order to develop a facility that would meet community and customer needs while keeping costs low. Following is a discussion of major projects and issues.

- ❑ **Terminal Area Improvement, Phase I:** This allocation's total approved budget in this CIP is \$501.6 million and it funds several projects including: Terminal A improvements, the first half of Terminal B, the phased demolition of Terminal C, roadway improvements, landscaping and signage.
- ❑ **Terminal Area Improvement, Phase II:** This allocation's total approved budget in this CIP is \$230.1 million and it funds a number of demand driven projects, including Terminal B, Phase II, to be completed by 2017.
- ❑ **Consolidated Rental Car Facility:** Funding of \$116.6 million is included for the complete design and construction of a multi-level, consolidated rental car facility including a quick turn-around for rental car washing, fueling, and minor servicing.

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

##### TRANSPORTATION AND AVIATION SERVICES CSA (CONT'D.)

###### Airport Capital Program (Cont'd.)

- ❑ **Public Parking Improvements:** \$11.1 million is programmed in the 2008-2012 Adopted CIP which will provide funds for the design and construction of a public parking lot on the Green Island, once vacated by the rental cars.
- ❑ **Automated People Mover:** A study on how the Automated People Mover System (APM) will interface with the Airport and the Terminal Area Improvement, Phase I has been completed. Further study on how the APM will interface with Bay Area Rapid Transit (BART) will be completed by the Department of Transportation and Valley Transportation Authority as part of the design of the BART system.



**North Concourse - Under Construction**

###### Parking Capital Program

The Parking Capital Program's primary responsibilities are to develop new parking facilities, maintain and improve existing facilities, and upgrade and replace both on-street and off-street parking equipment.

As part of the implementation of the San José Redevelopment Agency's (SJRA's) Strategy 2000 – Greater Downtown Strategy for Development, a Parking Management Plan (PMP) was developed in 2001 to address both short-term and long-term parking needs. Since its approval in 2001, the priority, need, and schedules of specific projects identified in the PMP have been significantly impacted by the downturn in the economy as well as by changes in the supply and demand for parking. Downtown office vacancy rates remain above 20% and there has been reduced daytime demand for parking that is expected to remain flat at least through 2007.

In the fall of 2005, the City Council directed staff to update the 2001 Parking Management Plan (PMP) to reflect the current and future supply/demand, review the free parking program, and to recommend parking priorities for the next five years. The Downtown Parking Board approved the updated plan and it was presented and approved by the City Council in June 2007. Following is a brief summary of the capital-related activity in the General Purpose Parking Fund.

- ❑ **Facility Improvements and Maintenance:** The Adopted CIP includes \$3.5 million funding for facility improvements such as concrete repair, sign replacement, equipment replacement, striping, and repainting; and \$1.6 million for minor parking facility repairs such as concrete deck sealing that will enhance and prolong the service life of the facilities.

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

##### TRANSPORTATION AND AVIATION SERVICES CSA (CONT'D.)

###### Parking Capital Program (Cont'd.)

- ❑ ***Parking System Improvements:*** The Adopted CIP includes funding to implement Phase II of the Parking Guidance System that will include roadway signs to direct motorists to the parking facilities; to continue replacing the Parking Revenue Control System at several garages and lots; and security improvements.

###### Traffic Capital Program

The mission of the Traffic Capital Program is to implement a safe, efficient, and environmentally sensitive surface transportation system, consistent with the goals and policies of the City's General Plan. In the 2008-2012 Adopted Traffic CIP, \$285.4 million is allocated for the purposes of expanding and enhancing the transportation system. These resources are programmed to ensure that the transportation system supports the economic competitiveness of San José and provides residents with safe and attractive street facilities in their neighborhoods.

The investments approved as part of the 2008-2012 Adopted CIP include funding for the operational efficiency and safety of the City's transportation network (\$34.7 million); development of arterial and collector projects (\$21.8 million); North San José projects (\$20.6 million); support for the City's contribution to regional system expansion (\$13.3 million); maintenance and rehabilitation activities including bridge and street maintenance (\$83.5 million); activities that promote community livability including land management, weed abatement and the undergrounding of City utilities and monitoring of environmental mitigation sites (\$7.7 million); local and regional planning and engineering activities (\$19.9 million); project and program support (\$9.6 million); and reserves and transfers (\$71.3 million).



**Median Island Landscaping - Quito Road**

Following is a discussion of some of the highlights of the Traffic CIP.

- ❑ ***Local System Expansion Projects:*** The Adopted CIP includes funding for the development of arterial and collector projects throughout the City, including development of a pedestrian corridor from San José State University (SJSU) to Japantown and improvements to Branham Lane and Hamilton Avenue.
- ❑ ***Reserve for VTP 2030 Projects:*** During 2004-2005, the Santa Clara Valley Transportation Agency updated its 30-year regional transportation master plan referred to as Valley Transportation Plan 2030 (VTP 2030). The plan includes an inventory of projects eligible for

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

##### TRANSPORTATION AND AVIATION SERVICES CSA (CONT'D.)

##### Traffic Capital Program (Cont'd.)

future regional transportation grant funding. To support the City's Council-adopted priorities in the VTP 2030, a reserve of \$17.2 million was approved in this CIP.

- ❑ ***Advance Engineering to Ensure Grant Readiness:*** Several of the investments in the Adopted CIP provide advance engineering to bring projects to a state of readiness to help them compete for regional funding. This strategy of proactively planning to leverage new State and federal funds is a continuation of the Traffic Program's successful record in leveraging significant grant funds by investing in upfront planning. Recent examples include the City's \$35 million investment in the Route 87 Freeway project, which generated \$225 million in State and federal funding; the City's \$9 million investment in the Route 880: Coleman interchange, which generated \$71 million in State and federal funding; and the City's \$1.5 million investment in the Route 880: Stevens Creek Interchange project, which has secured a \$12 million earmark in the pending federal transportation bill.
- ❑ ***Street Maintenance:*** The recent passage of Proposition 1B, the securing of increased federal funds, and the restoration of State Proposition 42 have helped to lessen the disparity between needs and resources. In this Adopted CIP, a combined total funding of \$24.3 million in the Adopted Operating and Capital Budgets was approved in 2007-2008 for this purpose, which is slightly below the \$34 million annual investment considered necessary in the City's 10-Year Street Maintenance Recovery Plan. Combined street maintenance funding over the next five years is estimated at \$123.9 million. This figure is still short of the \$270 million backlog of streets in need of significant repair. A proposed Transportation Needs Master Plan is being developed with community input to address this issue and may consider increased local funding measures to bridge this gap.
- ❑ ***Transportation Infrastructure Maintenance Backlog:*** The Adopted CIP includes \$4.8 million in one-time funds from the General Fund approved to be used to address a portion of the significant backlog of transportation maintenance that will be allocated to pavement maintenance and resurfacing, roadway striping, and traffic sign replacement.

##### STRATEGIC SUPPORT CSA

The Strategic Support CSA includes the Civic Center, Communications, Municipal Improvements, and the Service Yards Capital Programs. These programs support the following CSA outcomes:

- ✓ *Safe and Functional Public Infrastructure, Facilities and Equipment*
- ✓ *Effective Use of State-of-the-Art Technology*

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

##### STRATEGIC SUPPORT CSA (CONT'D.)

##### Civic Center Capital Program

The Civic Center Capital Program is responsible for the new City Hall and associated parking facilities construction. The new City Hall includes approximately 530,000 square feet of office and public space. Major components of this project include an 18-story office tower, a council chamber wing, an open public plaza with a rotunda, plus a 372-vehicle underground parking garage to serve the visiting public and some staff. Occupancy of this new facility occurred in mid-2005 and the off-site garage opened in November 2006. The 2008-2012 Adopted CIP includes the following.

- ❑ ***Technology, Furniture, and Equipment:*** \$12.3 million is programmed in this CIP to fund the continuation of technology improvements into 2007-2008.
- ❑ ***Reserve for Civic Center Off-Site Parking Garage:*** \$2.1 million is programmed as a reserve in this CIP to fund potential claims on outstanding contracts. This reserve resulted from the over issuance of commercial paper proceeds and if this funding is not required for outstanding project costs, this funding would be transferred back to the City Hall Debt Service Fund and used to reduce future debt service payments.
- ❑ ***Reserve for Civic Center:*** Funding of \$608,000 to fund potential claims on outstanding contracts.

##### Communications Capital Program

The guiding objective of the Communications Capital Program is the provision of reliable, necessary public safety and non-public safety-related communications equipment for all City employees that require this equipment for their jobs. A summary of the major projects in this CIP is provided below.

- ❑ ***Communications Equipment Replacement and Upgrade:*** \$4.2 million was approved in this CIP to the equipment replacement and upgrade project, which entails replacing a large portion of the communications equipment over the next five years.
- ❑ ***City-Wide Trunking Radio System:*** \$80,000 was approved in this CIP for a feasibility study and \$3.1 million to develop a trunked radio system in which groups of users are given a logical talk-group to share for their communications, rather than a dedicated radio frequency. This project will maximize available capacity in order to increase public safety communication needs.

##### Municipal Improvements Capital Program

The Municipal Improvements Capital Program provides capital improvements for City facilities that are not funded in other capital programs. The General Fund typically supports these projects. The 2008-2012 Adopted CIP includes the following ongoing allocations: HP Pavilion Repairs

## 2007-2008 ADOPTED CAPITAL BUDGET

### 2008-2012 CAPITAL IMPROVEMENT PROGRAM

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#### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA (CONT'D.)

##### STRATEGIC SUPPORT CSA (CONT'D.)

##### Municipal Improvements Capital Program (Cont'd.)

(\$500,000); Fuel Tank Monitoring (\$250,000); Closed Landfill Compliance (\$1.53 million); and Unanticipated/Emergency Maintenance (\$1.0 million).

##### Service Yards Capital Program

The objective of the Service Yards Capital Program is to maintain and improve the existing conditions at the Service Yards by implementing projects to reduce safety hazards, increase efficiencies, and provide necessary equipment and materials for operations. While ongoing funding is allocated to address general capital improvement needs, the majority of funding in this capital program is set aside for the Central Service Yard Phase II project and repayment of debt service on this project.

- ❑ ***Central Service Yard Phase II:*** The Central Service Yard Phase II project began in 2005-2006 and is expected to be completed in 2007-2008. The financing strategy includes the sale of commercial paper, bonds, surplus property proceeds, and fund balance. Once this project is complete, the Main Yard will be vacated, demolished, and redeveloped.
- ❑ ***Central Service Yard Phase I Debt Service:*** Continuing a General Fund budget balancing strategy approved in 2003-2004, \$2.5 million from the Service Yards Construction and Conveyance Tax Fund will be allocated to fund the Central Service Yard Phase I Debt Service costs in 2007-2008 and a portion of these costs in 2008-2009. After 2008-2009, it is anticipated that the General Fund will resume responsibility for these payments.

#### CONCLUSION

The City of San José's 2008-2012 Adopted CIP represents a significant investment in the City's infrastructure. Capital projects are being delivered at a record pace, bringing with them improvements that will benefit neighborhoods, residents, and visitors for decades to come while preparing the City for future economic development and growth. Over the next five years, the obligations under the voter-approved bond programs will be completed with the opening of several new libraries, fire stations, community centers, and the South San José Police Substation; North Concourse will be completed along with other major renovations to the Airport; and the Water Pollution Control Plant will have been upgraded to increase its wet weather capacity.

Given the number of new facilities coming online and the competing trend of rising construction costs, the backlog of unmet infrastructure needs and deferred maintenance continues to grow and be a major concern facing the City. A two-year work plan to determine the City's comprehensive infrastructure needs, prioritize high priority needs, and develop funding strategies to begin to address the backlog is currently underway. In addition, another significant concern in this CIP continues to be the operation and maintenance of the new facilities that are scheduled to be constructed over the five-year period. In this CIP alone, it is estimated that by 2011-2012, those

**2007-2008 ADOPTED CAPITAL BUDGET**  
**2008-2012 CAPITAL IMPROVEMENT PROGRAM**

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**CONCLUSION (CONT'D.)**

operating and maintenance costs will require as much as \$15.3 million annually in the General Fund's operating budget. This will obviously present a major challenge as we develop strategies to eliminate the General Fund ongoing structural deficit.

The development of the Adopted Capital Budget and CIP is a collaborative effort involving staff from each CSA. Input from the City Council and community members is incorporated to ensure that that overall capital program reflects the needs and priorities of our residents and visitors. I want to acknowledge the outstanding efforts provided by the many employees who made direct contributions to the analysis and production of this CIP and this document.

Debra Figone  
City Manager